Exhibits

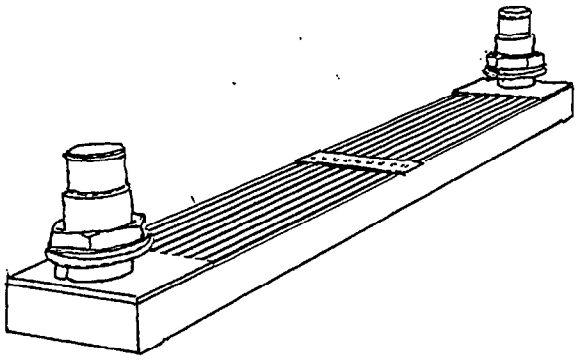
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

DURAMAX MARINE, LLC,	)	
	)	
Opposer,	)	
	)	
v.	)	Opposition No. 119,899
	)	
R.W. FERNSTRUM & COMPANY,	)	
	)	
Applicant.	)	

APPLICANT'S OPPOSITION TO OPPOSER'S MOTION FOR SUMMARY JUDGMENT AND CROSS MOTION FOR SUMMARY JUDGMENT

I. Introduction

Applicant R. W. Fernstrum & Company (hereinafter "Fernstrum") filed an application to register the logo shown below for use in connection with the "manufacture of marine heat exchangers to the order and specification of others."[1]



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Opposer Duramax Marine, LLC (hereinafter "Duramax") filed a Notice of Opposition on the grounds that the Fernstrum logo is merely descriptive and that it is functional. Fernstrum denied the salient allegations in the Notice of Opposition and, on September 14, 2000, filed a

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1 The mark sought to be registered is not an actual representation of a marine heat exchanger but is rather an artist's rendition which suggests the product to one familiar with marine heat exchangers. (Sean Fernstrum Dep., p. 35, line 6 to p. 36, line 22 (Exhibit A); Todd Fernstrum Dep., p. 31, line 23 to p. 32, line 11 (Exhibit B); Dale Gusick Dep. p. 16, lines 5 – 23 (Exhibit C); Frank Bjorkman Dep., p. 29, lines 2 – 11 (Exhibit D)).

Motion for Judgment on the Pleadings and/or Summary Judgment. As grounds for its motion, Fernstrum asserted the following:

(1) the Duramax' pleading fails to set forth a claim for which relief can be granted; and,

(2) Duramax is estopped from opposing the registration of Fernstrum's mark due to the parties' prior execution of a "Settlement And Mutual Release Agreement".

In its April 26, 2001 Order, the Board denied Fernstrum's motion for summary judgment on the ground that Fernstrum "has not established that there is no genuine issue of material fact that opposer is estopped from bringing this proceeding" but granted the motion to dismiss, allowing Duramax to amend its pleading "to sufficiently allege in its notice the grounds of descriptiveness or lack of acquired distinctiveness." (Emphasis added). (April 26, 2001 Order, p. 8). On May 25, 2001, Duramax filed an Amended Notice of Opposition. In the Amended Notice of Opposition, Duramax alleged that the Fernstrum logo is merely descriptive and that it is functional. Duramax did not allege that the Fernstrum logo lacked acquired distinctive as directed in the April 26, 2001 Order.

The parties have now completed discovery. One day prior to the opening of its testimony period, Duramax filed its motion for summary judgment on the ground of functionality and lack of acquired distinctiveness (even though lack of secondary meaning was not a pleaded ground).

II. Facts

Clarification Of The Record

Duramax introduced its "Undisputed Facts" with an irrelevant and inaccurate history of the competition between the parties. It is unfortunate when one party launches an *ad hominem* attack on the other as Duramax has done here. This fictional account is an attempt to color Duramax as the aggrieved party. Fernstrum cannot permit this highly improper and false characterization to stand unchallenged. In order not to belabor the point, Fernstrum will merely

reference three of Duramax' misstatements (from a host of egregious misrepresentations by that party).

A. Duramax Mischaracterizes The Events In The New Orleans Litigation.

On page 6 of its Memorandum, Duramax incorrectly stated the following:

> After Fernstrum presented its case and prior to either Donovan Marine or East Park were [sic] to present their cases, Judge Lemmon instructed Fernstrum to attempt to settle the litigation. Fernstrum had settlement meetings with Donovan Marine, East Park and Duramax Marine since it failed to meet its burden of proof on any of its claims and counterclaims.

Well before Fernstrum completed the presentation of its case and testimony, the parties entered negotiations to resolve the trade dress issues being litigated. Since Fernstrum was still at the beginning portion of its case, Duramax could not legitimately conclude that Fernstrum failed to meet its burden of proof. Indeed, had Fernstrum failed to meet its burden of proof, Donovan Marine and East Park Radiator could have - - and would have - - moved for a directed verdict. Moreover, had Fernstrum failed to meet its burden of proof, there would have been no reason for Donovan Marine, East Park Radiator and Duramax to even negotiate a settlement. Obviously, had Fernstrum failed to meet its burden of proof, Duramax would never have agreed to change the shape of its product. Simply put, Duramax has not been forthright in its description of the New Orleans trade dress litigation.

B. Duramax Did Not Negotiate In Good Faith

On page 7 of its Memorandum, Duramax reveals its true commercial nature in explaining how it "duped" Fernstrum during settlement negotiations:

> Although the parties to the settlement agreement agreed that Fernstrum could file a new application to register its trademark logo featuring its one-piece keel cooler in a two-dimensional design format, there was nothing agreed to or provided in the settlement agreement to preclude the filing and prosecution of an opposition to such a trademark logo.

Thus, while Fernstrum was working to resolve the litigation, Duramax was scheming as to how to renege on its promises. For Duramax to imply that it was merely "crafty" in its negotiations is hardly an example of commercial integrity or good faith negotiations, nor is it an approach that should be glorified, dignified or extolled.

C. Duramax Ceased Using Its "Best By Test" Claim Rather Than Disclose The Scientific Basis For The Claim

On October 17, 2000, Fernstrum filed a false advertising claim under Section 43(a) of the Lanham Act challenging the Duramax "Best By Test" advertising claim. Because the federal court had scheduled trial more than a year in the future, Fernstrum moved to dismiss the civil action - - without prejudice - - so that it could pursue its false advertising claim in the National Advertising Division of the Council of Better Business Bureaus (hereinafter the "NAD"). The NAD could decide the case within two months! Despite Duramax' opposition, the federal court recognized the value in proceeding before the NAD and granted Fernstrum's motion allowing it pursue the same claim in that forum. In response to the complaint filed in the NAD - - and recognizing that it would fail to substantiate its false advertisement - - Duramax withdrew its improper "Best By Test" advertisement. (Duramax Exhibit 16). To suggest that it halted that false advertisement simply because it had somehow outlasted its useful life is an imaginative, yet frivolous, explanation for its conduct. Indeed, Fernstrum firmly believes that the present proceeding is but a retaliatory action by Duramax arising from its ire in having to withdraw its advertisement.

III. Legal Argument

A. Opposition To Duramax' Motion For Summary Judgment.

1. Secondary Meaning.

Duramax is required to present a *prima facie* case that Fernstrum's mark has not acquired distinctiveness. *Yamaha International Corporation v. Hoshino Gakki Co., Ltd.*, 840 F.2d 1572, 1576 (Fed. Cir. 1998)(Yamaha must present facts or argument to convince the

Board that applicant has not met its burden of showing acquired distinctiveness). As demonstrated below, Duramax has not met its burden of producing sufficient evidence (it produced none) or argument (it asked the Board to make improper inferences) whereby the Board could conclude that Fernstrum has not met its own burden of showing acquired distinctiveness. In light of Duramax' failure to submit a prima facie case, the Board should grant summary judgment in favor of Fernstrum.[2]

a. Sorenson Survey.

Duramax argued that the survey filed by Fernstrum was improper, misleading, and false. (Duramax Brief, p. 17). There is nothing improper, misleading, or false about the Fernstrum survey. That survey is presented in Duramax Exhibit 9 and it specifically explains its purpose, how it was conducted and its results:

> I. BACKGROUND AND PURPOSE OF THE STUDY
>
> A question has arisen concerning the trademark significance, if any, of certain visible elements, i.e., rectangular tubing, or a marine keel cooler manufactured by R. W. Fernstrum & Company ("Fernstrum") in connection not only with its

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2 Despite the Board's explicit instructions regarding how Duramax should amend its pleading "to sufficiently allege in its notice the grounds of descriptiveness or lack of acquired distinctiveness", Duramax did not allege that the Fernstrum logo lacked acquired distinctiveness. (April 26, 2001 Order, p. 8). Duramax simply never asserted lack of secondary meaning as a ground for opposition. *Yamaha International Corporation v. Hoshino Gakki Co., Ltd., supra* at 1577 (when registration is sought under Section2(f), the only issue relating to the proposed mark is acquired distinctiveness, descriptiveness "is a nonissue"). Duramax may argue that Paragraph No. 14 is its averment that the Fernstrum logo lacks secondary meaning. To the extent that Paragraph No. 14 is comprehensible, Duramax alleged, in essence, that there is a difference between the specimens of record in the application (*i.e.,* the pictorial representatives of a marine heat exchanger) and the products marketed by Fernstrum and another manufacturer. In view of the ease in which Duramax could have added the phrase "and such mark lacks acquired distinctiveness" to the end of paragraph No. 12, Fernstrum should not be required to divine the meaning of what is supposed to be a "short and plain statement". Trademark Rule 2.104. Duramax was previously instructed to amend its pleading and only its own stubborness prevented it from clearly and concisely asserting lack of secondary meaning as a ground for opposition. Accordingly, Fernstrum objects to any attempt by Duramax to amend its Notice of Opposition at this late date.

application for federal trademark registration, but also in certain pending civil actions involving Fernstrum. . .

The salient purpose of this study was three-fold:

(1) To learn whether or not and, if so, to what extent, members of the defined relevant population identify and associate the appearance of the Fernstrum keel cooler tubing with a single particular source;

(2) If so, to ascertain what company source and brand identifications, if any, are made in any source attributions offered by members of this population on the basis of seeing unlabelled untitled photographs of the tubing portion of the Fernstrum keel cooler; and

(3) To determine what, if any, explanations these respondents offer for the source and brand identifications they make when they see the Fernstrum keel cooler tubing.

(Exhibit 9, p. 0086). The results of the survey demonstrated that 54.7% of the respondents identified the tubing with one company and that 95.3% of the respondents who identified one company, identified Fernstrum as that company. (Exhibit 9, p. 0100).

Duramax now argues that the survey results are invalid because the photographs did not include the headers. Presumably, Duramax is arguing (without any factual basis) that if the headers had been shown, fewer persons would have identified the products in the photographs as Fernstrum products. Because there is no evidence supporting its position, Duramax is asking the Board to make an improper inference to that effect.[3] Accordingly, the Sorenson survey is admissible to demonstrate that the mark sought to be registered has acquired secondary meaning.

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[3] In deciding a motion for summary judgment, the evidence must be viewed in a light most favorable to the nonmovant (*i.e.* Fernstrum) and all reasonable inferences must be drawn in its favor (*i.e.,* had the headers been shown even more respondents would have associated the product with Fernstrum). *Copelands' Enterprises, Inc. v. CNV, Inc.,* 945 F.2d 1563, 1566 (Fed.Cir. 1991). Moreover, since Fernstrum was the only company using rectangular headers for the previous fifty years, it is far more likely that the inclusion of those headers would have increased, not decreased, the recognition/association responses in favor of Fernstrum.

2. Fernstrum Has Been Using The Mark For Over Fifty Years.

"Fernstrum has been actively advertising its GRIDCOOLER keel cooler for over 50 years. In a great many advertisements, Fernstrum shows pictures of its keel cooler." (Duramax Brief, p. 11-12). See Duramax Exhibit 18 (representative samples of Fernstrum advertising featuring the mark sought to be registered). The mark sought to be registered has been used since at least as early as 1955. (Paul Fernstrum Dep., p. 114, lines 9 to 17 attached as Exhibit E). The Fernstrum logo is generally used in connection with the mark FERNSTRUM GRIDCOOLER or the term "Engineered Keel Cooling" to create an association between the logo and Fernstrum. (Bjorkman Dep., p. 11, lines 17 to 21).

A keel cooler is not a consumer product. It is sold exclusively to shipbuilders and ship owners with rigorous cooling requirements. Fernstrum annually spends in excess $120,000 in advertising primarily in trade publications and at trade shows. That figure does not, however, include salaries for the staff at trade shows, payments to manufacturers' representatives and distributors, any advertising conducted by the manufacturers' representatives and distributors, and personal sales calls. (Sean Fernstrum Dep., p. 128, line 12 to p. 129, line 18; p. 93, line 11 to p. 95 line 13).

As evidenced by its fifty years of "phenomenal" success, the mark sought to be registered has come to be uniquely and exclusively associated with Fernstrum. (Paul Fernstrum Dep., p. 12, lines 1 – 4; Bjorkman Dep., p. 48, lines 14 – 22). Duramax had presented no evidence to rebut or challenge that conclusion.

3. Ownership Of Registration No. 2,357,354

Fernstrum is the owner of U.S. Trademark Registration No. 2,357,354 comprising in part the design of a keel cooler that is virtually identical to the mark sought to be registered for an "external cooling system for marine engines, namely, heat exchangers." (Exhibit F). Neither Duramax nor any other competitor has opposed the registration of that mark - - nor have they

sought to cancel that registration.[4] In appropriate cases (such as here), ownership of one or more prior registrations of the same mark may be accepted as prima facie evidence of distinctiveness. The drawings of the keel coolers in both registrations are the same. The mark in Registration No 2,357,354 is used to identify and distinguish marine heat exchangers while the mark sought to be registered is used to identify and distinguish the custom manufacture of marine heat exchangers. Accordingly, Registration No. 2,357,354 is prima facie evidence that Fernstrum's mark has acquired secondary meaning.

* * * *

In view of the foregoing, Duramax has not met its burden of presenting a *prima facie* case that Fernstrum is not entitled to registration. Therefore, summary judgment should be granted in favor of Fernstrum on the issue of secondary meaning.

B. Functionality

1. Burden Of Proof.

As with secondary meaning, Duramax is required to present a *prima facie* case that the mark sought to be registered is functional. *Textron, Inc. v. United States International Trade Commission,* 753 F.2d 1018, 1025 (Fed.Cir. 1985) ("an applicant for trademark protection has the burden to prove that a design is nonfunctional, once a *prima facie* case of functionality is made by an opponent.")(emphasis added); *In re Teledyne Industries, Inc.,* 696 F.2d 968, 971 (Fed. Cir. 1982).

A product feature is functional only if "it is essential to the use or purpose of the article or if it affects the cost or quality of the article: that is, if exclusive use of the feature would put competitors at a significant non-reputational-related disadvantage." *Qualitex Co. v. Jacobson Products Co.,* 514 U.S. 159, 165 (1995). Registrability depends upon the degree of utility and whether

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[4] Duramax was aware of this registration, as evidenced by its own reference to the registration in its opposition to Fernstrum's previous Motion for Summary Judgment.

competition is hindered. The mere fact that a product configuration has utility does not make it unregistrable. *In re Morton-Norwich* 671 F.2d 1332, 1340, 213 U.S.P.Q. 9 (CCPA 1982); *Greenhouse Systems, Inc. v. Carson,* 37 U.S.P.Q.2d 1748, 1751 (T.T.A.B 1995). Thus, the issue before the Board is whether the registration of Fernstrum's two-dimensional logo will hinder competition. As demonstrated below, Duramax presented no evidence regarding the effect on competition by the registration of Fernstrum's mark. Therefore, the Duramax motion must be denied.

2. Controlling Authority.

In determining whether a configuration is *de jure* functional (whether the configuration of the article sought to be registered is a superior design and, therefore, should not be exclusively appropriated by an applicant), there are four factors that this Board considers:

(1) the existence of a utility patent that discloses the utilitarian advantages of the design;

(2) advertising materials in which the originator of the design touts the utilitarian advantages of the design;

(3) the availability of functionally equivalent alternative designs; and

(4) facts indicating that the design results from a comparatively simple or cheap method of manufacturing the product.

In re Morton-Norwich Products, Inc., 213 U.S.P.Q. at 15. Each of these factors, as discussed below, supports Fernstrum, rather than Duramax, on the "functionality issue".

3. There Is No Utility Patent Disclosing The Utilitarian Advantages Of The Design Sought To Be Registered.

Duramax completely ignores the fact that the mark sought to be registered is a stylized, two-dimensional logo used in connection with services relating to the custom manufacturing of marine heat exchangers - - *i.e.,* a logo, rather than a product configuration. Fernstrum is not seeking to protect a product configuration, rather it is only seeking to register a stylized drawing of the product. Thus, Duramax erroneously argued that "[t]he keel cooler is the subject of U.S.

Patent No. 2,382,218" (hereinafter the "'218 Patent") (Duramax Exhibit 1, Dep. Ex. 61) and, therefore, concluded, *ipso facto,* that the mark sought to be registered "is, without question, functional." (Duramax Brief, p. 24). This is a material misstatement of both fact and law that blurs the difference between the expired patent and the service mark logo.

Apart from the mischaracterization of the mark, the mere existence of the '218 Patent is not determinative: "[a] utility patent must be examined in detail to determine whether or not the disclosed configuration is really primarily functional or just incidentally appears in the disclosures of the patent." 1 McCarthy On Trademarks And Unfair Competition §7.89.1, p. 7-250 (4th ed. 2003); *In re Morton-Norwich Products, Inc.,* 671 F.2d 1332, 1341 (C.C.P.A. 1982)(a utility patent is evidence of functionality if the utilitarian advantages of the design sought to be registered are disclosed in the patent); *Sunbeam Products, Inc. v. West Bend Co.,* 123 F.2d 246, 256 n.20 (5th Cir. 1997); 1 McCarthy On Trademarks And Unfair Competition § 7:89 (4th ed. 1998).

The mere fact that some feature is depicted or described in a utility patent does not automatically render it "functional". Many non-functional configurations are incidentally included or recited in utility patents. *Sunbeam Products Inc. v. West Bend Co., supra*; *Black & Decker Inc. v. Hoover Service Center,* 886 F.2d 1285, 12 U.S.P.Q.2d 1250, 1255 (Fed.Cir. 1989)(patent was not evidence that a product shape was dictated by utilitarian advantages because the patent did not relate to the shape of the product); *Dogloo, Inc. v. Doskocil Manufacturing Company*, 893 F.Supp. 911, 35 U.S.P.Q.2d 1405, 1410 (C.D.Cal. 1995)(since the patent did not claim any utilitarian advantages in the shape of the product, it was not probative of functionality). Indeed, it is only if the functional features of the product configuration themselves are described in the claims of a patent, is a utility patent "evidence" that the configuration is functional.

The invention described in the '218 Patent "relates to improvements in heat exchangers, and more particularly, to a heat exchanger for water craft and vessels." (Duramax Ex. 1, Col. 1, lines 1-3). The mark sought to be registered by Fernstrum is clearly not disclosed or displayed

in the drawings of the '218 Patent. Thus, the evidence of functionality must be disclosed in the Claims of the '218 Patent. The patent concludes with 14 "claims" which identify the subject matter of the invention. 35 U.S.C. §112. The Board must interpret the Claims in the '218 Patent to see if they describe the mark sought to be registered. Claim construction, the interpretation of a patent claim to determine its proper scope and meaning, is an issue of law. *Markman v. Westview Instruments, Inc.,* 517 U.S. 370 (1996). In interpreting claims, all the words must be given meaning. *Texas Instruments Inc. v. U.S. International Trade Commission,* 988 F.2d 1165, 1171 (Fed. Cir. 1993).

A claim typically contains three parts: the preamble, the transition, and the body. *STX, Inc. v. Brine, Inc.,* 37 F.Supp.2d 740 (D.Md. 1999), *aff'd.* 211 F.3d 588 (Fed.Cir. 2000); 3 Chisum On Patents §8.06[1][b](2002). The preamble is an introductory phrase that may summarize the invention, its relation to the prior art, or its intended use or properties. It is a limitation on the scope of the claim, if "the claim cannot be read independently of the preamble and the preamble must be read to give meaning to the claim or is essential to point out the invention." 3 Chisum On Patents §8.06[1][d](2002).

> Any terminology in the preamble that limits the structure of the claimed invention must be treated as a claim limitation.

Manual Of Patent Examining Procedure §2111.02, p. 2100-49 (8th ed. 2003). *See, In re Stencil,* 828 F.2d 751, 754 (Fed.Cir. 1987).[5]

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[5] The claim at issue in the *Stencil* case was a driver for setting a joint of a threaded collar. While the claim was not directly limited to the collar, the collar structure recited in the preamble did limit the structure of the driver. "[T]he framework – the teachings of the prior art – against which the patentability is measured is not all drivers broadly, but drivers suitable for use in combination with this collar, for the claims are so limited." 828 F.2d at 754. To paraphrase the Federal Circuit, the framework for patentability is not all heat exchangers, but heat exchangers in combination with marine hull structures because the claims are so limited. This is illustrated in the drawings in the '218 Patent.

With these factors in mind, Fernstrum analyzes the claims in the '218 Patent. The analysis for Claim 1 is representative of Claims 1 – 13.

Claim 1

Preamble

> In combination with a marine hull structure having a keel line, a heat exchanger extending longitudinally of said keel line,

Body

> said heat exchanger comprising spaced headers secured to **the hull** [referring the marine hull structure in the preamble] and a plurality of flat heat conduction tubes rectangular in cross-section connecting and in communication with said headers said conduction tubes being located with the confines of said spaced headers.

Claims 1 – 13 are not for a heat exchanger *per se*. These patent claims are specifically directed to a combination of the hull and the heat exchanger. The patentee did not refer solely to a heat exchanger; rather he specifically referenced the combination with the hull. Thus, the preamble is a limitation to the claim because it provides antecedents for the ensuing claim terms. *C.R. Bard, Inc. v. M3 Systems, Inc.,* 157 F.3d 1340, 1350 (Fed. Cir. 1998). For example, in the body of the claim, the patentee stated that the headers of the heat exchanger were secured to the body of the hull - - again referencing "the hull" as an essential element of the invention. Accordingly, Claims 1 – 13 in the '218 Patent do not read on the mark sought to be registered because that mark does not include the hull, nor do the claims encompass the shape of the product.

Claim 14 is a little different.

Claim 14

Preamble

In a marine craft,

Body

> a heat exchanger comprising header members spaced along **the keel line of said marine craft** [referring to the preamble], relatively flat heat conduction tubes connection said headers, threaded coupling nipples on each header for connection with a circulatory system of **said marine craft**, and inclined front and back walls on said headers extending forwardly and rearwardly so that slip stream of said marine craft will be uninterrupted, said heat conduction tubes being rectangular in cross section with their sides of greatest width extending perpendicular to the bottom of said marine craft and arranged within the confines of said headers so as to be removed from the path of obstructions.

As with Claims 1 – 13, Claim 14 is not for a heat exchanger *per se*. The patent claims are specifically restricted to a heat exchanger and a marine craft. The patentee did not refer simply to a heat exchanger; rather he referenced "a heat exchanger. . . spaced along the keel line of said marine craft", thereby making the marine craft an essential element of the claim. Thus, Claim 14 does not read on the mark sought to be registered because the mark does not include a marine craft, nor do the claims encompass the shape of the product.

Consequently, the '218 Patent does not attribute any utilitarian advantage to the shape of the product. The Claims are silent in terms of configuring the product (except that the tubes have to be within the confines of the headers). This is further supported by the fact that keel coolers are not limited to one design, one size, or one shape. (Fernstrum's Fourth Set of Requests For Admission Nos. 78 – 80 attached hereto as Exhibit G).[6] Marine heat exchangers may have oval headers, headers comprising tubes or pipes extending in and out of the vessel, or

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[6] Fernstrum served its Fourth Set Of Requests For Admission on November 15, 2001. Duramax failed to serve any responses. Pursuant to FED.R.CIV.P. 36(a), each matter for which an admission was requested and ignored is deemed admitted. These requests for admission were the subject of a telephone conference between Fernstrum and Duramax before the Board on January 8, 2002. The Board denied Fernstrum's motion to modify the November 29, 2001 Suspension Order ("opposer is not required to respond at this time to applicant's most recent discovery requests")(emphasis added). January 8, 2002 Order. Subsequently, in its February 5, 2003 Order, the Board held that "The parties are allowed THIRTY DAYS from the mailing date of this order to serve responses to any outstanding discovery requests not already addressed in this order." Accordingly, Duramax was allowed until March 7, 2003 to serve its responses. Its complete failure to serve any such responses results in "admissions" under Rule 36(a).

beveled headers such as those sold by Opposer. (Fernstrum's Fourth Set of Requests For Admission Nos. 83 – 85). Because Duramax can effectively market its keel cooler without rectangular headers, rectangular headers are clearly not essential to the design of a keel cooler. (Fernstrum's Fourth Set of Requests For Admission No. 82).

In view of the foregoing, there is simply no basis in fact or law upon which Duramax could properly have based its argument that the mark sought to be registered is disclosed in the '218 Patent. This *Morton-Norwich* factor weighs in Fernstrum's favor.

4. Applicant Does Not Tout The Utilitarian Advantages Of The Design Sought To Be Registered Through Advertising.

Duramax Exhibit 18 comprise representative Fernstrum advertising and promotional materials. There is absolutely nothing within these materials touting the utilitarian advantages of the logo:

Document 000007 references reliability, seaworthiness, and ruggedness.

Document 000011 references "Engineered Keel Cooling".

Document 000021, 29, and 45 reference simplicity, dependability, and flexibility.

Document 000024 and 31 reference fine materials, skilled craftsman, and thorough testing.

Document No. 000057 and 64 are catalogs referencing the following features: "computer selected, completely assembled, and factory tested."

Document Nos. 00071 – 83 are advertisements touting "Fernstrum Engineered Keel Cooling" and simple and dependable fresh water cooling.

This *Morton-Norwich* factor strongly weighs in Fernstrum's favor.

5. There Are Alternative Designs Available For Keel Coolers.

Since the effect upon competition is the essential factor in determining whether the configuration of a product is functional, it is most significant that there are alternative designs available for keel coolers. *In re Morton-Norwich Products, Inc.*, 213 U.S.P.Q. at 16. The most

common keel coolers are channels (half-tubes) welded to the hull of a vessel. (Fernstrum's Fourth Set of Requests For Admission No. 81).

Attached as Exhibits C and D to Fernstrum's Requests for Admission Nos. 95 and 96 are true and accurate copies of the advertising brochure for the keel coolers of Walter Machine Company, Inc. and Johnson Rubber Company (a company "related" to Duramax itself).

The Walter keel cooler is made of round tubing with spiral grooves.

> The spirals force the coolant flow to become turbulent, continually propelling and swirling the coolant against the inner wall of the tube, thereby greatly increasing heat transfer. The turbulating action makes WALTER TURBO TUBE much more efficient for heat transfer than smooth rectangular or round tube in which most of the coolant flows through the center of the tube without contacting the inner tube wall. Because TURBO TUBE is so efficient, a much more compact WALTER Keel Cooler can be used when compared with coolers using smooth rectangular or round tube.

Exhibit C, page 3.

Johnson Rubber Company also uses spiral tubing to ensure optimal cooling.

> **Efficient Heat Transfer:** The helical flow motion imparted to the coolant by the spiral configuration of Duramax tubing creates turbulence which greatly reduces heat transfer inefficiencies common to conventional smooth-wall tubing. Also, Duramax Spiral Tubes provide greater cooling surface area than plain tubing. As a result, Duramax Keel Coolers offer greater cooling efficiency than conventional straight tube systems and take less hull space for maximum cooling.

Exhibit D, at 2.

Attached are true and accurate copies of six patents for keel coolers illustrating alternative designs. (Bergsman Declaration attached as Exhibit H).

In view of the foregoing, this *Morton-Norwich* factor favors Fernstrum.

6. The Mark Sought To Be Registered Does Not Result From A Comparatively Simple Or Cheap Method Of Manufacturing A Keel Cooler.

The appearance of the mark sought to be registered does not translate into cost savings during the manufacturing process. Fernstrum's competitors assert that their keel coolers are more economical. Walter touts its keel cooling device as the "Most Economical Keel Cooler":

> **Double Stem Models** The low prices of our double stem coolers make them a very economical keel cooling system, especially when compared with box-type coolers.

Exhibit C, page 6.

Johnson Rubber Company also touts its keel cooler as being "Engineered For Fast Economical Installation." Exhibit D, page 8. Thus, the competition maintains that its products are the most economical keel coolers on the market.

In fact, Duramax has admitted that the process used for making its headers are more efficient, simpler, and less expensive that the process for making rectangular headers. (Fernstrum's Fourth Set of Requests For Admission Nos. 100 – 121).

Since Duramax has not demonstrated that there is any manufacturing-cost benefit associated with Fernstrum's product with rectangular headers, this important *Morton-Norwich* factor clearly favors Fernstrum.

7. Registration No. 2,357,354 Comprises, In Part, A Keel Cooler Design

An additional factor is Fernstrum's ownership of U.S. Trademark Registration No. 2,357,354 for a keel cooler and globe design logo for "external cooling system of marine engines, namely, heat exchangers." (Exhibit F). The design of the keel cooler is registered under the provisions of Section 2(f) of the Lanham Act. No opposition was filed against the registration of that mark, thereby suggesting that the marine industry (including Duramax) did not believe that the registration of Fernstrum's keel cooler would bestow Fernstrum with a right of ownership in a

design to which it was not otherwise entitled. *In re The Laitram Corporation,* 194 U.S.P.Q. 206, 209 (T.T.A.B. 1977).

* * * *

In view of the foregoing, and because Duramax has not presented any evidence to support its claim of "functionality" regarding the design sought to be registered, that party's motion for summary judgment should be denied and Fernstrum's cross-motion for summary judgment should be granted.

B. Fernstrum's Cross Motion For Summary Judgment

1. Standing

a. Controlling Authority.

Fernstrum moves for summary judgment on the issue of "standing". Standing is an essential element of a plaintiff's case which, if not proved at trial, will defeat the opposition asserted by Duramax. *Lipton Industries, Inc. v. Ralston Purina Co.,* 670 F.2d 1024, 1028 (C.C.P.A. 1982); *No Nonsense Fashions, Inc. v. Consolidated Foods Corporation,* 226 U.S.P.Q. 502, 504 (T.T.A.B. 1985). As demonstrated below, Duramax lacks sufficient standing to bring its opposition and, therefore, the proceeding must be dismissed.

Any person who believes that he will be damaged by the registration of a mark may file an opposition. The opposer's right or standing to bring an action flows from his belief that he will be damaged by the registration of the mark. The purpose of requiring "standing" is to prevent litigation where there is actually no real controversy between the parties. In other words, a plaintiff must have a personal stake in the outcome of the proceeding. *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.,* 823 F.2d 490, 2 U.S.P.Q.2d 2021, 2023 (Fed. Cir. 1987); *Lipton Industries, Inc. v. Ralston Purina Co., supra at* 1029. Because Duramax has previously agreed that it will not manufacture or advertise a keel cooler with rectangular headers, it may not manufacture or advertise a product featuring or otherwise incorporating Fernstrum's mark.

Therefore, Duramax has no personal interest in this opposition and lacks sufficient standing to oppose Fernstrum's mark.

To establish its standing to assert a descriptiveness opposition, "a plaintiff need only show that it is engaged in the manufacture or sale of the same or related goods as those listed in the defendant's involved application and registration and that the product in question is one which could be produced in the normal expansion of plaintiff's business; that is, that plaintiff has a real interest in the proceeding because it is one who has a present or prospective right to use the term descriptively [or functionally] in its business." *Binney & Smith, Inc. v. Magic Marker Industries, Inc.,* 222 U.S.P.Q. 1003, 1010 (T.T.A.B. 1984)(Emphasis added). "All that is necessary is that petitioner be in a position to have the right to use the mark in question." 3 McCarthy On Trademarks And Unfair Competition §20:50 (4th ed. 2003). *See Southwire Company v. Kaiser Aluminum & Chemical Corporation,* 196 U.S.P.Q. 566, 572 (T.T.A. B. 1977) (opposer must be one who has a sufficient interest in making use of the term in its business). This test also logically applies to the question of whether Fernstrum's mark is functional.

Duramax does not have standing because, as shown below, it has no interest in using, or right to use, the mark sought to be registered in connection with its own business.

2. Duramax May Not Manufacture Or Promote Keel Coolers With Rectangular Headers.

The Settlement Agreement and Mutual Release Agreement between Fernstrum and Duramax Marine, Duramax' predecessor-in-interest, is attached as Duramax Exhibit 13. The Agreement provides that Duramax will only manufacture, advertise, and promote a keel cooler with beveled headers (while Fernstrum's mark prominently features a rectangular header).

> 11. As of the expiration of the ninety (90) day period set forth above, Duramax and East Park agree to modify the design and configuration of their respective one-piece keel coolers so as to incorporate beveled fore and aft header portions as generally set forth on Exhibit 1... It is further stipulated by the parties that in the event that Fernstrum no longer uses a header configuration consisting of a vertical edge at the aft and fore of the headers on

> its GRIDCOOLER keel cooler, then at such time Duramax and East Park shall not be required to use the header design modification as illustrated on Exhibit 1 and shall at that time be free to adopt and use the vertical edge header configuration previously utilized on Fernstrum's GRIDCOOLER keel cooler.
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> * * * *
>
> 13. Upon the expiration of the ninety (90) day period set forth above, all advertising thereafter placed by Duramax and East Park that depicts their respective one-piece keel coolers will clearly display the beveled end(s) of the header(s) configured in accordance with the provisions of paragraph 11 of this Agreement.

(Duramax Exhibit 13).[7]

In response to Fernstrum's Requests For Admission, Duramax has admitted the following:

1. Duramax may neither manufacture nor advertise one-piece keel coolers with rectangular fore and aft headers as shown in the drawing of the mark sought to be registered;[8]

2. The Fernstrum mark sought to be registered does not depict the design or configuration of the one-piece keel cooler manufactured by Duramax;[9] and,

3. Duramax may advertise and promote its one piece keel coolers featuring beveled headers.[10]

On this record, there is no genuine issue of material fact regarding Duramax' lack of standing. Duramax is not in a position to either manufacture or advertise (or have the right to use) a keel cooler with rectangular headers (the only circumstances under which Duramax would have a "real interest" in the outcome of this proceeding). Accordingly, Fernstrum's motion for summary judgment should be granted and the opposition should be dismissed.

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7 Duramax admits that the beveled headers are an important design feature of its keel cooler. (Duramax Memordandum, p. 7).

8 Duramax' Responses To Requests For Admission Nos. 30, 31, 39, and 40 (Exhibit I).

9 Duramax' Responses to Request For Admission No. 37 and 38.

10 Duramax' Responses To Requests For Admission Nos. 32 and 35. In this regard, Duramax further admits that the "fair use" defense as enumerated in 15 U.S.C. §1154(b)(4) permits Duramax to display and publish photographs and drawings of its product without being liable for trademark infringement. Duramax' Responses To Requests For Admission Nos. 134 and 135 (Exhibit G).

B. Equitable Estoppel

1. Fernstrum Renews Its Motion For Summary Judgment.

In its motion for summary judgment, Duramax admitted that by way of the Settlement Agreement And Mutual Release Agreement resolving the trade dress litigation (Duramax Exhibit No. 13), the parties agreed that Fernstrum could file an new application to register its trademark logo. In view thereof and because discovery is complete and neither party can produce any additional evidence at trial, Fernstrum renews it motion for summary judgment on the issue of equitable estoppel. The Board should rule, as a matter of law, on the issue of whether Duramax is estopped from bringing this opposition by virtue of the Settlement Agreement And Mutual Release Agreement between the parties.

2. Controlling Authority.

A party is estopped from asserting a right by an act causing his opponent to rely on a reasonable belief that the right has been abandoned. *Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 203 U.S.P.Q. 564, 567 (C.C.P.A. 1979) (applicant's withdrawal of its prior application with prejudice caused opposer to accept dismissal of the opposition in the reasonable belief that any right applicant may have had to seek registration had been abandoned); *Roux Laboratories, Inc. v. La Cade Products Company,* 558 F.2d 33, 194 U.S.P.Q. 542, 544 (C.C.P.A. 1977) (opposer's counsel withdrew the cause of action based on likelihood of confusion during the cross-examination of a witness giving rise to an equitable estoppel preventing opposer from subsequently asserting that likelihood of confusion was an issue).

In addition, there is an overriding public policy which encourages settlement of litigation and holds parties - - including Duramax - - to the terms of their agreements. *See, MWS Wire Industries, Inc. v. California Fine Wire Co., Inc.*, 797 F.2d 799, 230 U.S.P.Q. 873, 875 (9th Cir. 1986); *Beer Nuts, Inc. v. King Nut Co.*, 477 F.2d 326, 177 U.S.P.Q. 609, 610-11 (6th Cir. 1973), *cert. denied,* 414 U.S. 858 (1973); *Wells Cargo, Inc. v. Wells Cargo, Inc.*, *supra* at 203 U.S.P.Q.

568; *Danskin, Inc. v. Dan River, Inc.,* 182 U.S.P.Q. 370 (CCPA, 1974); *Marcon Ltd. v. Avon Products, Inc.,* 4 U.S.P.Q.2d 1474 (T.T.A.B. 1987). In the absence of a showing of fraud, undue influence or ambiguity, a settlement agreement is decisive of the rights of the parties and bars relitigation of the claims covered by the agreement. *MWS Wire Industries, Inc. v. California Fine Wire Co., Inc., supra; Wells Cargo, Inc. v. Wells Cargo, Inc., supra* ("Common sense and considerations of judicial economy dictate that parties be not only permitted but encouraged to avoid needless litigation."). Indeed, any trademark policy that may preclude equitable defenses to challenges to trademark validity occupies a subsidiary position to the fundamental policy favoring the expedient and orderly settlement of disputes and the fostering of judicial economy. *Cf. Hemstreet v. Spiegel, Inc.,* 851 F.2d 348, 350, 7 U.S.P.Q.2d 1502 (Fed.Cir. 1988) *quoting Ransburg Electro-Coating Corp. v. Spiller and Spiller, Inc.,* 489 F.2d 974, 978 (7th Cir. 1973).

3. Duramax Implicitly Agreed That Fernstrum Could Register Its Logo.

Duramax agreed that Fernstrum could register its logo:

> Although the parties to the settlement agreement agreed that Fernstrum could file a new application to register its trademark logo featuring its one-piece keel cooler in a two-dimensional design format, there was nothing agreed to or provided in the settlement agreement to preclude the filing and prosecution of an opposition to such a trademark logo.

(Duramax Memorandum, p. 7). Clearly, the parties contemplated Fernstrum filing the application at issue. Duramax, as an afterthought, now wishes to oppose the application, thereby rendering the agreement regarding the application a meaningless endeavor. The Board should not sanction Duramax' duplicitious conduct by allowing it to challenge an application it had specifically agreed Fernstrum could file. For the Board to permit Duramax to take such conflicting positions would render the settlement agreement valueless and without meaning to Fernstrum.

4. Fernstrum Relied On The Agreement Between The Parties.

In the Settlement Agreement resolving the previous trade dress and trademark infringement action (Duramax Exhibit 13), Duramax agreed not to assert any claims or causes of action arising in any way out of the facts and/or claims asserted (or which could have been asserted) by its licensee/distributor, Donovan Marine, in the litigation. (Duramax Exhibit 13, ¶17). That promise necessarily included any claims that Fernstrum's trademark logo featuring its one-piece keel cooler is functional or descriptive. Significantly, Fernstrum agreed to withdraw its previously - - filed trademark application for the configuration of its one-piece keel cooler, with the reasonable understanding that it would not be precluded from seeking to register, in two dimensional design format, its trademark logo featuring the one-piece keel cooler. (Duramax Exhibit 13, ¶15). The effect of the Settlement Agreement was to release the claims raised (or which could have been asserted in any way from the facts asserted in the civil action) against Fernstrum in that litigation (*i.e.,* functionality and descriptiveness). In complete good faith reliance upon the Settlement and Mutual Agreement, Fernstrum abandoned its original application and filed its new application. Accordingly, the language and spirit of the Settlement and Mutual Release Agreement bars all of the claims now raised by Duramax in the present Notice of Opposition.

It is also be noted that Duramax itself originally entered into the Settlement and Mutual Release Agreement with full and actual knowledge that Fernstrum was actually using its logo as a service mark in connection with the custom manufacture of keel coolers. By virtue of Paragraph No. 15 of that Agreement, Duramax also knew that Fernstrum would be filing a new application for its logo trademark once it abandoned the earlier application for the three-dimensional configuration. The very crux of the Agreement was to finally resolve the trademark and trade dress rights in Fernstrum's trademark logo featuring the one-piece keel cooler, thereby encouraging Fernstrum to rely on the belief that Duramax would not (and could not)

challenge its design logo mark. If the Agreement were construed otherwise, then Fernstrum received no consideration for the abandonment of its prior application.

One year after executing the Settlement Agreement, Duramax challenged Fernstrum's new application, ignoring its earlier promise not to raise any claims or causes of action against the Fernstrum mark. It is incongruous that Duramax should be allowed to now challenge Fernstrum's application on the very grounds that Duramax previously agreed it would not raise. Because of the public policy encouraging the settlement of litigation and of holding parties to the terms of their agreements (particularly after full and complete performance by one of the parties), the Settlement and Mutual Release Agreement signed by Duramax precludes it from now challenging the Fernstrum mark.

IV. Conclusion

Duramax' business approach is characterized by the arguments of its own counsel: that is, Duramax induced Fernstrum to settle the trade dress civil litigation by agreeing that Fernstrum could file an application to register its keel cooler logo, and having so lured Fernstrum, Duramax then opposed that very application. (See, Duramax Memorandum, p. 7). While Fernstrum now recognizes the duplicitous nature of Duramax, it still cannot help but be confused by this opposition since Duramax cannot possibly be damaged by the mark sought to be registered. The Fernstrum logo is a stylized drawing of a keel cooler prominently featuring a rectangular header. Duramax can neither manufacture nor advertise a keel cooler with a rectangular header. In fact, Duramax has repeatedly admitted that its own beveled headers are an important design feature of its product, that the Fernstrum mark does not depict the Duramax product, and that Fernstrum has agreed that Duramax may advertise and promote keel coolers featuring beveled headers. The agreement Duramax made with Fernstrum should be enforced.

In view of the foregoing, Fernstrum requests that: (1) the Board should deny Duramax' motion for summary judgment on the grounds of functionality of lack of secondary meaning and

grant summary judgment in favor of Fernstrum on those issues; and (2) the Board should grant Fernstrum's cross-motion for summary judgment on the grounds of standing and equitable estoppel.

R.W. FERNSTRUM & COMPANY

Dated: July 30, 2003

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ATTORNEYS FOR APPLICANT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of July, 2003, a true and correct copy of the foregoing ***APPLICANT'S OPPOSITION TO OPPOSER'S MOTION FOR SUMMARY JUDGMENT AND CROSS MOTION FOR SUMMARY JUDGMENT*** was served via certified U.S. mail, return receipt requested, on:

D. Peter Hochberg, Esquire
D. Peter Hochberg Co., L.P.A.
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